DOCUMENT RESUME

ED 237 745 CE 037 769

AUTHOR Fritz, Louis Winfield
TITLE RE-DeC, A Unique Private/Public Partnership--A Strategy Design for the '80s.
PUB DATE 4 Dec 83
NOTE 6p.; Paper presented at the American Vocational Association Convention (Anaheim, CA, December 4, 1983).
PUB TYPE Reports - Descriptive (141) -- Speeches/Conference Papers (150)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Economic Development; *Employment Opportunities; *Program Development; Program Implementation; Unemployment; Vocational Education
IDENTIFIERS *Corporations; Ohio (Richland County); *Richland Economic Development Corporation

ABSTRACT

Richland County, Ohio has brought together what is generally considered to be the broadest-based private development corporation in the United States. In 1982 a group of bankers and corporate executives made a decision to make a countywide commitment to support one corporate construction exclusively to direct a program and strategy for economic development. It would be financed by business, industry, banks, retailers, professionals, and local and county governments. A full-time professional economic developer would head the construction of a design to create the tools and organize the corporation into a function to target opportunities, market the area, assist existing industry to survive, and expand others. During this first phase of a classic four-part design in creating an economic development thrust, the Richland Economic Development Corporation (RE-DeC) was born. Currently, 15 support teams operate with 225 volunteer participants. During the organizational year, RE-DeC formed a local banking consortium to undergird the private financing of hotel construction, found a buyer and an adequate financing arrangement allowing a plant to reopen, and saved a business-forms corporation from closing. (YLB)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED237745

RE-DeC, A Unique Private/Public Partnership--A Strategy Design for the '80s

Remarks by

Louis Winfield Fritz
President
Richland Economic Development Corporation
the Walnut Building, Suite L3
24 West Third Street
Mansfield, Ohio 44902

to

Economic Development Panel
American Vocational Education Association
Anaheim, California
December 4, 1983

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

This document has been reproduced as received from the person or organization originating it.
Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

LW Fritz

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

CE037767

Presentation to ECONOMIC DEVELOPMENT FORUM
at American Vocational Education Association meeting
in Anaheim, California

This is an especially appropriate opportunity for me today in light of the ever-increasing support of economic development processes by our vocational education community throughout the country.

As professional Economic Developers in the Midwest, we need all of the support and help we can muster to not only attract new business and industry, but to retain and foster what we've got into greater strength and ability to meet the huge transitional economic swings presently challenging the heavy industrial base of the Midwest.

My professional activities in Economic Development over the past eight years have been within the State of Ohio, where we are the second largest automobile manufacturing and assembly state in the U.S. and the number one manufacturing state for automotive parts and accessories. We now have 39 fabricating and assembly operations including the new Honda cycle and auto assembly plants in Marysville, Ohio. Ohio is heavy in steel producing plants, as well, concentrated in the Cleveland, Lorain, Youngstown, and Mansfield areas of the state. Especially those that produce specialty steels like stainless, 409 hot roll and cold roll mills, and some new continuous castor operations for Republic and others.

Certainly we have been heavily challenged to survive the recent deep recession and longer term impacts of imported products in these major industry components.

However, I have not come here to talk about the economics or the overall solutions to the problems of the Midwest. I want to spend the next few minutes describing what Richland County, Ohio has done to bring together what has become generally conceded to be the broadest based private development corporation in the United States.

In June of 1982 a group of bankers and corporate executives finally, after years of splintered attempts to do a lot of very good things in attempting to support their economic base, came together realizing they were going nowhere, having experienced an ever-increasing unemployment in Richland County that exceeded 16.8%, dwindling industry base and eroding countywide tax base, made the decision to do the follwoing things.

1. Make a countywide commitment to support one corporate construction that would exclusively direct a program and strategy for economic development.

2. Finance it with private participation from business, industry, banks, retailers, professionals, and the general public along with those cities, villages, townships, and county governments able to participate.

3. To hire a full time professional economic developer to head up the construction of a design, a strategy, to create the tools and organize the corporation into a function that could target opportunities, market the area into solid prospect arenas, assist existing industry to survive, and expand those who were ready, maintaining all possible employment and adding jobs wherever possible.

4. To bring all previous development activities under the central umbrella of the new corporation and eliminate those that were redundant or ineffective.

5. To apply for a non-profit private development charter under the state laws and commission a board of directors to establish the policy direction for the Corporation.

6. To begin a major fund raising effort to undergird these plans and to hire a consultant to give further practical design direction to the founding group.

At this point, the Richland Economic Development Corp. or RE-DeC, as it is affectionately known, was born. This, of course, represents Phase I of a classic four-part design in creating an economic development thrust.

Very quickly here is what followed:

A. A $15,000, three year pledge was established for a seat on the Board of Trustees. Other contributor categories were set at varying levels and in less than 90 days the County raised $530,000; 80% private investors, 20% from public investors, cities, county government, villages, and townships.

B. In November 1982 an Executive Director was hired.

C. In January 1983 an Executive Secretary was hired.

D. In February, permanent offices were established separate from any other units.

E. A Board of 1(Executive Trustees was formed to give policy direction to the Corporation.

F. A Corporation Chairman was chosen.

And the organizational year was off and running.

Within two months the Corporation was refined further-- to the form you see here above the support teams. (Reference: Organizational Chart) The Chairman was named Chairman of the Board of Trustees, the Chief Executive Officer, and Chairdman of the Executive committee. The 10 members of the Executive Committee were designated Executive Directors, and I was named President and Chief Operating Officer and Secretary of the Corporation and Ex Officio member of the Executive Committee.

I immediately implemented my plans for a countywide base of involvement for the enormous pool of talent that had laid dormant for so long.

At this time we have 15 operating support teams with 225 volunteer participants who, as county leaders, assist in the sales and marketing, organizational planning, the hosting process for RE-DeC and many other involvements directly relating to the entire development process.

Let me digress for just a moment to emphasize that economic development is not a fixed mechanism or construction. Economic development is a process. It is always in motion moving through time--it has its own dynamics, its own growth, and its own character.

Economic development is quite situational and must not be placed in too rigid a construction or it will not function to its full potential or grow with new opportunity.

The key to constructing any Economic Development Corporation is to allow one voice to speak to all economic concerns. There must be only one responsible authority for all processes.

Now let's take a look at some of the specific support teams and their role in our process. (Reference: Re-DeC Organizational Chart; also refer to Quarterly Reports and handout piece for Re-DeC prospecting.)

Briefly, let me say within the few minutes left, that even though this was intended to be an organizational year with no great expectation of substantive job creation--we have experienced some early successes.

1. RE-DeC was able to form a local banking consortium providing $4.1 million to undergird the private financing of a new downtown Holiday Inn, presently providing 210 constdruction and 160 permanent jobs in Mansfield. RE-DeC assisted in obtaining a $2.1 million UDAG grant for the City of Mansfield as well.

2. We worked for a year before finding an appropriate buyer and an adequate financing arrangement allowing a large sandmold brick plant that was closed for well over a year to reopen under new management, hiring 45 production people and 5 executive personnel.

3. Just before leaving for an extended period of travel, we were able to save a lardge business-forms corporation, Uforma/Shelby Corporation, from certain closing of the facility and sale of its corporate assets by its creditors.

We were able to completely reorganize the financial base of this fine old company and again going back to the RE-DeC Banking Consortium raised $1.2 million from 5 banks and one S & L in $200,000 segments to refinance their real estate. This total financial reorganization was accomplished without legal, court, or governmental assistance and at no cost to Uforma/Shelby. The bottom line was--we saved 560 permanent jobs that would certainly have been lost forever.

4. In addition, RE-DeC has treated over 4,000 contacts, consulting, and presentation opportunities.

5. RE-DeC has had a partial role to play in creating an additional 270 jobs and bringing 9 new small businesses into being which average 10-12 employees each.

RE-DeC has taken its case to Toronto, Canada--to India, Hong Kong, Singapore, and Tokyo. As a member of the U.S.A.-R.O.C. Economic Council, I have just attended a 5 day meeting with our Taiwanese friends in Phoenix, Arizona.

While in Tokyo, I was privileged to meet with our U.S. Ambassador to Japan, the Honorable Michael Mansfield, for more than an hour to have him ratify and add significantly to our international strategy for RE-DeC.

It has been a superfast tract for this effort during the first year and there is no sign that the pace will change. Our expectations are great for the future and we believe they are realistic because we are so well organized and have such an enormous commitment from our broad base of support.

I will be happy to entertain any questions later and be available for conversation afterwards.